

HOUSE BILL 662  
By Vincent

AN ACT to amend Tennessee Code Annotated, relative to taxation  
of vending machines.

BE IT ENACTED BY THE GENERAL ASSEMBLY OF THE STATE OF TENNESSEE:

SECTION 1. Tennessee Code Annotated, Title 67, Chapter 4, Part 5, is amended by  
adding the following new, appropriately designated section:

67-4-506.

(a) Each person operating any vending machines for the benefit of an  
entity exempt from taxation under Section 501(c) of the United States Internal  
Revenue Code, by which merchandise of the market value of the coin deposited  
in excess of one (1) penny is sold or delivered to customers, shall have the  
privilege and option of registration with the department of revenue, reporting  
gross receipts vended through such machines, and paying tax thereon, in lieu of  
sales tax, at the rate of one and one-half percent (1.5%) of the gross receipts  
from the machines (except that the percentage shall be two and one-half percent  
(2.5%) of the gross receipts of all tobacco items from the machines) in the same  
manner, with the same privileges and exemptions, and under the same  
regulation and administration as the tax codified in Section 67-4-402.

(b) To comply with the above option, the name and address of the owner, and, if different from the owner, the name and address of the tax-exempt entity must appear upon each vending machine, and each vending machine must have a permanent registration on forms provided by the department, at a cost for which the department may charge one dollar (\$1.00) each, plus a fee of two dollars (\$2.00) for each individual company so permanently registering.

(c) Any person, firm or corporation engaged in this business shall immediately notify the department of its options to pay under this chapter, and, failing to notify the department, shall pay sales tax as provided by law.

SECTION 2. Tennessee Code Annotated, Section 67-6-102(a)(25)(I), is amended by adding the following new language at the end of that item:

provided, further that "retail sale" or "sale at retail" shall not include vending machine purchases taxed under Section 67-4-506;

SECTION 3. This act shall take effect July 1, 2003, the public welfare requiring it.